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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, N.W.
Washington, D.C. 20554

Re: MM Docket No. 91-221
MM Docket No. 87-8
MM Docket No. 94-150
MM Docket No. 92-51
MM Docket No. 87-154

Dear Mr. Caton:

Transmitted herewith, on behalf of Mercury Broadcasting, Inc., are an original and four copies of its "Report on Existing Television Local Marketing Agreements," submitted pursuant to the Commission's Public Notice, "Commission Seeks Further Information Regarding Television LMA's", 62 Fed. Reg. 33792 (June 23, 1997).

Should any questions arise concerning this matter, please communicate with this office.

Very truly yours,
FLETCHER, HEALD & HILDRETH, P.L.C.

Anne Goodwin Crump
Anne Goodwin Crump
Counsel for Mercury Broadcasting, Inc.

Enclosures

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BEFORE THE

Federal Communications Commission

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

Review of the Commission's Regulations
Governing Television Broadcasting)

MM Docket No. 91-221

Television Satellite Stations Review of
Policy and Rules)

MM Docket No. 87-8

Review of the Commission's Regulations
Governing Attribution of Broadcast and
Cable/MDS Interests)

MM Docket No. 94-150

Review of the Commission's Regulations and
Policies Affecting Investment in the
Broadcast Industry)

MM Docket No. 92-51

Re-examination of the Commission's
Cross-Interest Policy)

MM Docket No. 87-154

Directed to: The Commission

REPORT ON EXISTING TELEVISION LOCAL MARKETING AGREEMENTS

Mercury Broadcasting, Inc. ("Mercury"), by its attorneys and pursuant to the Commission's Public Notice, "Commission Seeks Further Information Regarding Television LMA's", 62 Fed. Reg. 33792 (June 23, 1997), hereby respectfully submits its report with regard to existing television local marketing agreements ("LMA's") to which it is a party.

Mercury is a party to two LMA's, which involve its stations in Pensacola, Florida, and Pine Bluff, Arkansas. In both of these markets, Mercury entered into Time Brokerage Agreements with Clear Channel Television, Inc. ("Clear Channel"). The particulars of the

agreements and the further information requested by the Commission are set forth below.

I. Pensacola, Florida and Mobile, Alabama

(1) Stations, Licensee, Call Letters, Channel Number, and Community of License

- a. Brokered Station: WJTC(TV)
 - 1. Licensee: Mercury Broadcasting, Inc.
 - 2. Call letters: WJTC(TV)
 - 3. Channel Number: Channel 44
 - 4. Community of License: Pensacola, Florida
- b. Brokering Station: WPMI-TV
 - 1. Licensee: Clear Channel Television Licenses, Inc.
 - 2. Call Letters: WPMI-TV
 - 3. Channel Number: Channel 15
 - 4. Community of License: Mobile, Alabama

(2) Name and Rank of Nielsen DMA

Mobile, Alabama-Pensacola, Florida - Rank 61

(3) Signal Contour Overlap

WJTC(TV) and WPMI-TV have a substantial degree of overlap of city grade signal contours.

(4) Date of LMA

December 31, 1994

(5) Term of LMA

- a. The start and end dates of the initial term of the LMA are as follows:
January 1, 1995, until 12:00 midnight on December 31, 2004.
- b. The LMA shall automatically renew for a period of five years unless either party provides written notice of non-renewal no later than the close of business December 31, 2003. The LMA shall automatically renew for a second five year period unless the first renewal period does not occur or unless either party provides written notice of non-renewal to the other party no later than December 31, 2007.

(6) Percentage of Time Brokered

Clear Channel provides programming for a substantial amount of the brokered station's broadcast day on a daily basis throughout the year. Mercury, however, continues to have the obligation to ascertain that programming responds to the needs and concerns of the community of license, and it retains the right to pre-empt the brokering station's programming as necessary to broadcast its own programming which is responsive to issues of concern to the community of license and to the needs of children. Furthermore, Mercury may pre-empt or delete any programming of Clear Channel which Mercury believes is unsuitable or contrary to the public interest and may substitute programming which, in its independent opinion, is of greater local or national importance.

(7) Network Affiliation

WJTC(TV), the brokered station, is affiliated with UPN.
WPMI-TV, the brokering station, is affiliated with NBC.

(8) Nielsen Share

The reported Nielsen all-day audience shares (measuring 9:00 a.m. through midnight) for the three most recent rating periods were as follows:—

	<u>Nov.-96</u>	<u>Feb.-97</u>	<u>May-97</u>
WJTC(TV) (brokered)	4	4	4
WPMI-TV (brokering)	11	10	10

(9) Other Information

Prior to the time that WJTC(TV) entered into the LMA, it faced severe financial difficulty. As a result, the station frequently was off the air, including for a period during much of the May 1992 sweeps period. As a result of its difficulties, the station was able to offer little, if any, public service programming, and no programming was locally originated. Because of the unpredictability and poor quality of the station's signal, major program syndicators accepted unpopular time periods on other area stations rather than prime time on WJTC(TV).

After entering into the LMA, WJTC(TV)'s physical plant and technical operations were improved. Clear Channel engineering personnel were loaned to WJTC(TV), and the station's on-air look was upgraded. As a result of the technical improvements and increased financial stability, WJTC(TV) was able to acquire higher quality syndicated programming. WJTC(TV) was offered

improved cable television channel positions, and its ratings tripled during the first year of the LMA.

WJTC(TV) then was able to enhance its public service with a weekly half-hour public affairs program which aired in early fringe and, later, a 9:00 p.m. news program. New programming broadcast on WJTC(TV) as a result of the LMA includes a locally produced and hosted pet show, a fix-it-yourself show, and an interior design program. Additionally, WJTC(TV) carries University of Southern Alabama basketball games in prime time, which allows the University to increase its ability to raise funds.

The LMA also resulted in efficiencies and economies of scale which made the station into a financially viable entity. The LMA resulted in saving precious jobs which would have been lost if WJTC(TV) had been forced off the air. In fact, over time, the total number of jobs rose for both stations as a direct result of the advantages of combined operation.

II. Pine Bluff/Little Rock, Arkansas

(1) Stations, Licensee, Call Letters, Channel Number, and Community of License

a. Brokered Station: KASN(TV)

1. Licensee: Mercury Broadcasting, Inc.
2. Call letters: KASN(TV)
3. Channel Number: Channel 38
4. Community of License: Pine Bluff, Arkansas

b. Brokering Station: KLRT-TV

1. Licensee: Clear Channel Television Licenses, Inc.
2. Call Letters: KLRT-TV
3. Channel Number: Channel 16
4. Community of License: Little Rock, Arkansas

(2) Name and Rank of Nielsen DMA

Little Rock-Pine Bluff, Arkansas - Rank 57

(3) Signal Contour Overlap

KASN(TV) and KLRT-TV have a substantial degree of overlap of city grade signal contours.

(4) Date of LMA

December 31, 1994

(5) Term of LMA

- a. The start and end dates of the initial term of the LMA are as follows:
January 1, 1995, until 12:00 midnight on December 31, 2004.
- b. The LMA shall automatically renew for a period of five years unless either party provides written notice of non-renewal no later than the close of business December 31, 2003. The LMA shall automatically renew for a second five year period unless the first renewal period does not occur or unless either party provides written notice of non-renewal to the other party no later than December 31, 2007.

(6) Percentage of Time Brokered

Clear Channel provides programming for a substantial amount of the brokered station's broadcast day on a daily basis throughout the year. Mercury, however, continues to have the obligation to ascertain that programming responds to the needs and concerns of the community of license, and it retains the right to pre-empt the brokering station's programming as necessary to broadcast its own programming which is responsive to issues of concern to the community of license and to the needs of children. Furthermore, Mercury may pre-empt or delete any programming of Clear Channel which Mercury believes is unsuitable or contrary to the public interest and may substitute programming which, in its independent opinion, is of greater local or national importance.

(7) Network Affiliation

KASN(TV), the brokered station, is affiliated with UPN.
KLRT-TV, the brokering station, is affiliated with Fox.

(8) Nielsen Share

The reported Nielsen all-day audience shares (measuring 9:00 a.m. through midnight) for the three most recent rating periods were as follows:

	<u>Nov.-96</u>	<u>Feb.-97</u>	<u>May-97</u>
KASN(TV) (brokered)	3	3	3
KLRT-TV (brokering)	8	7	6

(9) Other Information

Prior to entering into the LMA, KASN(TV) had been losing substantial

sums and was frequently off the air. After entering into the LMA, improved equipment was purchased for KASN(TV). Consequently, KASN(TV) is able to broadcast a quality signal into southeast Arkansas, an area whose needs were otherwise inadequately served.

Further, KASN(TV) carries two annual telethons sponsored by the United Negro College Fund and the Arthritis Foundation. These telethons had been dropped by other stations in the market. KASN(TV) has also markedly improved the quality of its programming. As a result of the LMA, it now carries a weekly public affairs program, four hours of children's educational programming, and the full UPN network lineup.

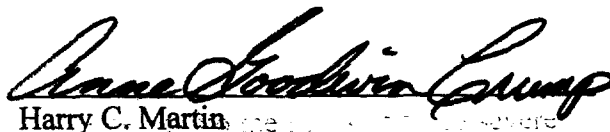
To better serve the area's large minority population, the 5:00 p.m. to 7:00 p.m. time period on KASN(TV) is programmed to appeal to the African-American community. Through the LMA, KASN(TV) produces educational vignettes for children in its daily KIDSLAND segment and has sponsored an award-winning teen page on the Internet with monthly surveys on various issues of public importance. As a result of the LMA, KASN(TV) now runs a large number of public service announcements, and its prime time ratings have improved by 50%.

Without an LMA, KASN(TV) would not have been able to air programming to raise money for the United Negro College Fund and the Arthritis Foundation, to provide educational programming, to carry public affairs programming, or sponsor surveys of young adults in its market.

Respectfully submitted,

MERCURY BROADCASTING, INC.

By:



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Its Attorneys

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July 8, 1997

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